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JACOBSON, MEX DIRECTOR LEE, D STAFF CUE, AND INR HOHMAN.

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TAGS: [PREL](#) [PGOV](#) [PINR](#) [MASS](#) [ECON](#) [ETRD](#) [MX](#)
SUBJECT: MEXICO: VISIT OF A/S VALENZUELA (DEC 06-08)

1. (SBU) Summary: During his two day visit to Mexico (Dec 6-8), A/S Arturo Valenzuela met with senior Mexican officials including key counterparts from the Secretariat of Foreign Affairs, Governance, Federal Police and several key economic ministries. A visit to several Federal Police installations, a meeting with SSP Director Genaro Garcia Luna provided insights into how our Merida assistance is helping Mexico address problems with organized crime and drug trafficking and revealed insights into some of the political pressures preoccupying the Calderon administration. The session at the Foreign Ministry opened up a discussion on how Mexico could provide regional leadership on Honduras and other issues, and an out of the box exchange on ways to use the 2010 Mexican bicentennial celebration to move forward on border modernization. A round table with key policy makers on trade and competitiveness at the Los Pinos Presidential compound began with a review of some perennial trade disputes but quickly evolved into a constructive exchange on setting a bilateral agenda to strengthen U.S. and Mexican competitiveness in a global economy. Valenzuela also met Calderon chief-of-staff Patricia Flores and Interior Minister Fernando Gomez Mont, providing a chance to drive home the visit's themes with two critical political players.

2. (SBU) There were several outreach events. A breakfast with local U.S. and Mexican business leaders explored ideas for the next stage of U.S. Mexican economic integration, focusing on information technology, education and energy. A round table with civic participation groups and new media bloggers, focused on efforts to build a national consensus against violence. A press event provided an exchange with leading journalists. A Wilson Center/Mexican institute dinner brought together a host of parliamentary political players and think tankers for a give and take on bilateral relations and political change in Mexico. Throughout the visit, there were signs of a political class, cognizant of the need for internal change in order to address modern threats and exploit new opportunities but uncertain how to effect it, and reminders of the need to ensure that all major political forces be included in our ongoing efforts to deepen our relationship and expand the avenues of cooperation with our neighbors to the south. End Summary

Security Discussions with the Federal Police (SSP)

13. (SBU) A tour of SSP installations at the Federal Police Headquarters and training facilities at Iztapalapa provided a good snapshot of how our Merida assistance is deepening Mexico's law enforcement capabilities. At Iztapalapa, Valenzuela saw various simulated exercises on hostage rescue, operations aimed at securing planes and large office buildings, and the use of riot control units and various motorized law enforcement vehicles, as well as air support installations to service helicopters and other police aircraft. At headquarters, a review of the Plataforma Mexico intelligence system provided a good glimpse into the state of the art technology incorporated in the comprehensive police data base system that we are helping the Mexican government develop. Valenzuela capped off the tour with a meeting with SSP Secretary Garcia Luna.

14. (SBU) Garcia Luna reviewed his efforts in finalizing a Mexican government initiative to replace military units in Ciudad Juarez with potentially over 2,000 federal police (ref A). The idea was to move the military to the outskirts around the city, focusing them on securing transit routes and providing backup support for urban operations with Federal Police units taking over law enforcement responsibilities in the city. This would help ensure that military and police actions were more closely tied to legal prosecution and would relieve the operational burden currently on the army. Garcia Luna said a key operational priority was to close down, for six months, installations in the ever growing red light district, including strip joints, brothels, and other establishments involved in the sex trade. These businesses and others that fostered drinking and drugs were encouraging

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a tourist trade that was attracting criminal elements and providing new opportunities for organized drug cartels that had unleashed an explosion of violence on the city.

15. (SBU) Garcia Luna underscored the challenge of replacing the high number of municipal and state police with better trained, vetted federal units. For example there were 400 Federal Police assigned to Baja, versus 3,500 local police in Tijuana and 2,800 men in Mexicali. Many local governments used the municipal police for civic action as opposed to hard police work. New criminal patterns were also making the job harder with organized groups taking over robbery and other activities that, while much more prevalent than drug killings, had traditionally been the work of individual criminals that were easier to combat. Garcia Luna favors collapsing state and municipal police into one force, with federal police filling the gap during the transition.

16. (SBU) Valenzuela noted the difficulty of bringing together federal and local law enforcement efforts. His work with Mexico over the years had given him a good understanding of the country and the challenges involved in dealing with local authorities. With regard to raising the competence of local police, the problems were not only political. Both the Ambassador and the Assistant Secretary noted the need to proceed carefully in closing down businesses in Ciudad Juarez that could complicate a difficult economic environment and spur additional violence and criminality.

Foreign Ministry: Mexican Leadership on Honduras ...

17. (SBU) A breakfast with SRE Undersecretaries Julian Ventura (North America) and Salvador Beltran del Rio (Latin America) provided an opportunity to review regional issues, e.g., Honduras, and review ways to strengthen our bilateral cooperation. A/S Valenzuela noted the need to find a way past the Zelaya/Micheletti impasse in Honduras, restore peace and stability and open the way to rebuilding Honduras' shattered economy. The trick was not allowing Brazil and others to monopolize the mantle of regional leadership. One alternative is for Mexico and the United States to support a Central

American-Caribbean Initiative advanced by Presidents Fernandez and Arias. This could help advance a unity government and truth commission, and could usefully balance Brazil's mis-steps with Zelaya. Ambassador Pascual emphasized that the US and Mexico have similar stances on Honduras and have the most to gain from working cooperatively as equals: what was needed were concrete, practical ways that we could work together more effectively. Beltran agreed, noting the importance of preventing Venezuela and other countries from dominating the debate without offering any viable solutions (Note: During the breakfast Beltran commented on regular reports coming in on his blackberry from Foreign Secretary Espinosa, in Uruguay for the Mercosur meeting. End Note). Valenzuela encouraged Beltran to support ongoing efforts to get Zelaya and Micheletti out of the headlines so that negotiations on a unity government could move ahead.

Binational Commission, Bridges and Bicentennial

18. (SBU) Ventura raised the challenge of coordinating the huge number of agencies engaged on both sides of the border. The Bi-National Commission had lived out its time, but some mechanism was needed to get agencies to share their plans and improve their coordination and planning. Ventura noted that significant work continued on the Mexican side to prepare the opening of three new bridge crossings along the Mexican-U.S. border. The Mexican government saw the events as a way to dispel the perception that all of its efforts along the border were about fighting drug cartels. Ventura noted Mexican interest in having Presidents Obama and Calderon inaugurate one of the bridges together in early 2010. Valenzuela suggested adding a cultural/public affairs element, e.g. a musical event with Juanes and Mexican

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entertainers that would emphasize positive themes and invigorate grass roots participation in rejecting violence and criminality. We would also consider initiatives, said Valenzuela, to contribute to the upcoming Mexican bicentennial, in a way that could celebrate our progress in building a more honest, transparent and productive bilateral relationship.

Trade and Competition Talk at the Presidential Compound

19. (SBU) At the President's residence, Presidential Advisor Rafael Fernandez de Castro laid out what he characterized as our negative and positive economic agendas. and the imperative to put our economic agenda on a constructive plane. The negative agenda, as described by SRE Under Secretary for Trade Beatriz Leycegui, includes trade disputes such as trucking, tuna, Country Of Origin (COOL) legislation, Buy America legislation and shrimp. A/S replied that it was important to address each country's political concerns to make real progress. Ambassador Pascual urged U/S Beatriz Leycegui to meet with U/S of State Robert Hormats on these issues. On the more positive agenda, the GOM officials at Los Pinos raised border infrastructure, regulatory cooperation and efforts to promote medical tourism from the United States. Ambassador Pascual suggested the GOM focus on three key sectors that would help Mexico become a more competitive partner: investing in technology and telcoms, renewable energy and looking for joint areas to improve Mexico's infrastructure. He noted that efforts on medical tourism needed to be carefully coordinated with our ongoing health reform efforts and asked for time to follow up in Washington before Mexico moved ahead on a specific initiative. He closed by saying he hoped to work with the GOM to develop a strategy for a competitiveness agenda that could run parallel to our shared security agenda. (Septel will

provide more details on trade and business discussions.)

And also with Local Business Leaders

¶10. (SBU) A/S Valenzuela also participated in a briefing by a group of local business leaders, representing Microsoft de Mexico, Cisco, General Motors de Mexico, Wal-Mart Mexico, Kimberly-Clark Mexico, Kansas City Southern Railways, Semptra Energy and Goldman Sachs. Discussion focused on obstacles to further growth, including an overreliance on oil for government revenues, an education system in which 54 percent of students leave school at age 15, and low computer and internet use, particularly in small companies. Most of the U.S. companies present had made substantial investments in Mexico and, with the exception of General Motors, were profitable, despite the challenges. Nevertheless, they characterized Mexico as &stagnant8 and noted the need for the government to find a way to reduce dependence on oil and make the economy more dynamic. Some suggested modeling the state-owned oil company Pemex after Petrobras, the Brazilian counterpart. WalMart and General Motors said they were focused on developing world class suppliers in Mexico, both for domestic sales and export. Information Technology leaders observed Mexico's lack of competitiveness compared to the BRIC countries, and low internet penetration rates (25 percent) and pointed to a recent study, commissioned by two U.S. tech companies, that showed a 10 percent increase in broadband penetration could increase the country's GDP by 2.8 percent over five years. Next steps on competitiveness could also include a joint U.S. Mexican approach on China, and closer bilateral cooperation in APEC.

Civic Groups and Bloggers on Zero Tolerance for Violence

¶11. (SBU) A/S Valenzuela also led a roundtable discussion with Mexican NGOs on using new media to engage citizens in

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the campaign against violence in Mexico. The discussion was video-streamed live on the internet from the Benjamin Franklin Library, with questions submitted by web-chat from on-line audience members. More than 9,000 contacts of the library, including Mexican researchers, university professors, journalists, and students, were notified of the webcast by Facebook and email. Roundtable participants included AMB Pascual, representatives of leading Mexican NGOs Iluminemos Mexico, SOS Mexico, Mexicans United Against Crime (MUCD), the National Association of Councils for Civic Participation, and the CEO of Mobile Accord James Eberhard.

¶12. (SBU) Panelists agreed that reaching out to target audiences, particularly youth, through new media was a key component of local NGO strategies to increase citizen participation. Texting, Facebook, and other digital services are powerful tools that pose new opportunities and challenges for Mexican NGOs seeking to amplify their messages on anti-violence. NGO leaders concurred that greater cooperation and collaboration among NGOs, political leaders, and other members of civil society are essential to the success of anti-violence efforts in Mexico. Ambassador Pascual underlined the critical role that citizen engagement through new media and traditional forms plays in the broader context of the Merida Initiative and the promotion of a more prosperous and secure Mexico. During the panel discussion, photos of the event were posted on the Library's Facebook page on a continual basis. The event received positive press coverage in leading Mexican newspapers "El Universal" and "Excelsior."

¶13. (SBU) A/S Valenzuela and AMB Pascual participated in a seminar and dinner hosted by the Woodrow Wilson Center Mexico Institute Advisory Board bringing together political, academic, and civil society leaders. A/S Valenzuela emphasized the importance of the U.S.-Mexican bilateral relationship and noted the series of challenges shared by both countries that needed to be addressed through joint action, including organized crime and managing economic integration. Questions and commentary raised by the audience questioned whether counternarcotics merited the focus it was receiving in the bilateral relationship. Ambassador Pascual noted the urgent need to address what was a hemispheric problem that left unchecked would continue to undermine economic growth, exploit marginalized communities and frustrate efforts to bring our two countries closer. A/S Valenzuela also joined a post-dinner conversation with major parliamentary and media leaders (mechanical problems with the plane delayed his arrival) that engendered a lively discussion on the need for political change and the difficulty of finding a way to effect it among political parties focused on safeguarding their own political fortunes. At a capstone lunch before departing for the airport, Secretary of Governance Gomez Mont delved into the Mexican government's ideas on political reform, particularly on re-election of deputies to the parliament and reform of the voting system. Both are necessary parts of a strategy to create citizen accountability.

Comment

¶14. (SBU) The two-day visit of A/S Valenzuela engendered discussions on the full scale of the bilateral agenda. A rich exchange -- on security cooperation and joint efforts to expand and deepen our Merida cooperation; on trade and competition ideas that could help spur economic recovery and future investment; on Mexican leadership to coordinate regional diplomatic initiatives with our efforts; and even disquiet from the political and intellectual class on the need for structural change that will help prepare Mexico for future challenges -- reflected a strong and growing

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partnership. The tone throughout reflected an honesty and openness of engagement that was surprising for its lack of nationalist edge. Capacity still lags, and not all bad habits have been broken. But the platform for progress is genuine, and increasingly broader in scope. Visit Mexico City's Classified Web Site at <http://www.state.sgov.gov/p/wha/mexicocity> and the North American Partnership Blog at <http://www.intelink.gov/communities/state/nap> / PASCUAL